

GUIDELINES FOR REAL PROPERTY MANAGEMENT COMPANIES

BROKER

Any person engaged or continuing in business who acts for another for a consideration in the conduct of a taxable business activity, and who receives for his principal all or part of the gross income from the taxable activity.

CONTRACT TERMINATIONS

When a management contract has been terminated, the property manager should take one of the following actions:

- If the property continues to be a rental, notify the City the tax responsibility has reverted back to the property owner and provide the current mailing address; or
- If the property has been sold, notify the City to cancel the license and provide the date of sale. Please provide the new owner's name, address and phone number (if available).

The property owner's license should not be cancelled by the management company unless the property has been sold or is a single residential dwelling that has been reoccupied by the owner.

LICENSE REQUIREMENTS

Effective October 1, 2008, all persons applying for a Chandler Privilege Tax License as Individuals, Sole Proprietors, or Husband & Wife businesses, must provide evidence of their legal right to be in the United States in compliance with A.R.S. 41-1080, also known as the "Legal Arizona Workers Act". Please refer to the required form (License Application Supplement) and supporting documentation identified on the City's website at chandleraz.gov, or call (480) 782-2280 for additional information.

Each property owner and property address must be individually licensed. Any change in ownership requires a new license. Unless requested, property addresses are not cross-referenced for existing licenses. Each application must include the appropriate licensing fees. See schedule of fees. Application and license fees are nonrefundable. Application, license, late fees and back taxes (if any) must accompany the license application to assure prompt processing.

Application Fee – a \$15.00 one-time application processing fee is due in addition to the following license fees.

GENERAL ANNUAL LICENSE FEE SCHEDULE

Business Start Date	License Fee	Delinquent License Penalty*
Jan 1 st – Mar 31 st	\$50.00	\$25.00
Apr 1 st – Jun 30 th	\$37.50	\$18.75
Jul 1 st – Sep 30 th	\$25.00	\$12.50
Oct 1 st – Dec 31 st	\$12.50	\$ 6.25

RESIDENTIAL RENTAL ANNUAL LICENSE FEE SCHEDULE

Business Start Date	License Fee Per Unit / Max	Delinquent License Penalty* Per Unit / Max
Jan 1 st – Mar 31 st	\$2.00 / \$50.00	\$1.00 / \$25.00
Apr 1 st – Jun 30 th	\$1.50 / \$37.50	\$1.00 / \$25.00
Jul 1 st – Sep 30 th	\$1.00 / \$25.00	\$1.00 / \$25.00
Oct 1 st – Dec 31 st	\$0.50 / \$12.50	\$1.00 / \$25.00

*The delinquent license fee will be assessed for businesses operating 45 days or more prior to applying for a license. Prior year license and late fees will be assessed for each year of operation without a license. (The license and late licensing fees are retroactive to 1990.)

LICENSE INFORMATION

Licenses will not be issued without the complete property address; number of units (if residential); the owner's name, address, and social security number; and the date on which the property became a rental.

NOTE: This brochure is meant to be a guideline only. For complete details, refer to the City of Chandler Tax Code and related regulations. In case of inconsistency or omission in this publication, the language of the Tax Code shall prevail. You may request a copy of the Chandler Tax Code by calling or writing to the address on the front of this brochure; or you can obtain a practitioner's copy of the Model City Tax Code from the League of Arizona Cities and Towns, which includes the code options for all cities in Arizona. The taxable activities for Chandler may differ from the State and other Arizona cities. You are urged to contact each jurisdiction individually.

Every effort is made to provide adequate and accurate information. However, the City of Chandler is not bound by any oral advice given by its employees. For your protection, we recommend that you request tax code interpretations in writing to have documentation for your records. (City of Chandler Code Section 62-541(b) Taxpayer Bill of Rights)

Oct-10 supercedes all previous brochures

City of Chandler Tax and License Division

GUIDELINES FOR RENTALS

- ◆ TANGIBLE PERSONAL PROPERTY
- ◆ REAL PROPERTY
- ◆ PROPERTY MANAGEMENT



Chandler • Arizona
Where Values Make The Difference

Mailing Address:

Mail Stop 701
P.O. Box 4008
Chandler, Arizona 85244-4008

Location:

175 S. Arizona Ave, Ste A
Chandler, Arizona 85225

Phone (480) 782-2280

Fax (480) 782-2343

TDD (800) 367-8939

E-mail: salestax@chandleraz.gov
Website: www.chandleraz.gov/tax

TANGIBLE PERSONAL PROPERTY RENTALS

DEFINED

The renting, leasing, or licensing for use of tangible personal property. Tangible personal property includes (but is not limited to): equipment, machinery, household appliances, video tapes, uniforms and automobiles.

TAX RATE

1.5% of gross business income less allowable deductions.

LIABILITY

The lessor is personally liable for payment of the tax to the City whether or not it was charged or passed on to the lessee.

EXCESS TAX

If more tax is collected than due, this additional amount must be reported to the City as excess tax.

DUE DATE

Tax reports are due by the 20th of the month following a reporting period and are delinquent if not received in our office by the last business day of such month (without regard to postmark). **The return must be filed even when no income has been received.**

REPORTING PERIODS

Taxable income less than \$5,000 per year may be reported annually; taxable income greater than \$5,000 but less than \$50,000 per year may be reported quarterly, and all income greater than \$50,000 per year must be reported monthly.

TAXABLE INCOME INCLUDES:

1. All common income sources
2. Non-refundable deposits
3. Personal property tax paid by lessee
4. Membership fees
5. Rentals to churches, most non-profit organizations, and all governmental agencies.
6. All charges for renting personal property, (i.e., insurance, gas, maintenance and related fees).
7. Coin-operated car washes and laundromats.
8. Short-term leases by a Chandler lessor.
9. Long-term leases (181 consecutive days or more) for equipment placed in Chandler.

DEDUCTIONS

Deductions must be properly segregated in all documents and accounting records. Business records must be kept and maintained. In the absence of documentation, taxes will be assessed on gross receipts, or estimated on a reasonable basis.

COMMON DEDUCTIONS INCLUDE:

1. Discounts and refunds.
2. Bad debts on which tax was paid.
3. State and City sales tax collected or factored.
4. Rentals to qualified charitable, non-profit hospitals.
5. Leases of tangible personal property permanently installed within another city.
6. Charges for delivery, installation, or repairs not part of a maintenance or service contract. Repairs are taxed as a retail activity.

REAL PROPERTY RENTALS

DEFINED

The renting, leasing, or licensing for use of real property located within the City to the tenant in actual possession. All real property rentals are subject to tax regardless of the number of rental units owned. A separate license is required for each location.

TAX RATE

1.5% of gross rental income, plus possible additional tax on transient lodging (see details in next column).

LIABILITY

The lessor is personally liable for payment of the tax to the City whether or not it was charged or passed on to the lessee.

EXCESS TAX

If more tax is collected than due, the additional amount must be reported to the City as excess tax.

DUE DATE

Tax reports are due by the 20th of the month following a reporting period and are delinquent if not received in our office by the last business day of such month (without regard to postmark date). **The return must be filed even when no income has been received.**

REPORTING PERIODS

Taxable income less than \$5,000 per year may be reported annually; taxable income greater than \$5,000 but less than \$50,000 per year may be reported quarterly, and all income greater than \$50,000 per year must be reported monthly.

TAXABLE INCOME INCLUDES:

1. All common income sources:
 - a. Charges for utilities, unless separately metered and "pass through" only
 - b. Maid and laundry services
 - c. Reimbursements (damages, keys, etc.) received from the tenants
 - d. Non-refundable deposits
 - e. Property tax paid by tenants
 - f. Common area fees
2. Rentals to churches, non-profit organizations, and all governmental agencies.
3. Lodging space offered in exchange for services. However, apartment owners are allowed one unit for manager or maintenance employees for each 50 units.
4. Income received for allowing vending machines on your premises.
5. Rentals to a corporation that you own or rentals to parent and subsidiary corporations.

DEDUCTIONS

Deductions must be properly segregated in all documents and accounting records. Business records must be kept and maintained. In the absence of documentation, taxes will be assessed on gross receipts or estimated on a reasonable basis.

COMMON DEDUCTIONS INCLUDE:

1. Discounts and refunds.
2. Bad debts on which tax was paid.
3. State and City sales tax collected or factored. Only City taxes are allowed for residential rentals.
4. Individually metered utility charges assessed tenants as a "pass-through" charge.
5. Leases for re-lease.

ADDITIONAL TAX ON TRANSIENT LODGING

In addition to the taxes levied as provided in Section 444 [Hotels], there is hereby levied and shall be collected **an additional tax** in an amount equal to two and nine-tenths percent (2.9%) of the gross income from the business activity of any hotel engaging or continuing within the City in the business of charging for lodging and/or lodging space furnished to any transient. "Transient" means any person who, for any period less than thirty (30) consecutive days, either at his own expense or at the expense of another, obtains lodging or the use of any lodging space in any hotel for which a charge is made on lodging or use of lodging space.